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2004 Post-Session Newsletter

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Saving ICHIA

A critical new law will help protect high-risk patients

Many people wrangle with the costs and frustrations of health insurance. For those deemed high-risk, the frustration increases as options gradually decrease.

High risk patients suffer from a myriad of chronic diseases including hemophilia, HIV/AIDS, and kidney failure. Survival depends entirely on access to expensive treatments like dialysis, blood transfusions, and transplants. When a person with these health problems loses his or her insurance, the results can be financially devastating.

In 1981, the legislature created the Indiana Comprehensive Health Insurance Association (ICHIA) in order to help serve those individuals that do not qualify for Medicare or Medicaid and cannot receive coverage in the commercial health care market due to their high risk status. The

program serves approximately 9,000 Hoosiers.

Like a typical insurance policy, participants pay premiums in order to help finance the program. However, unlike typical patients, members of the high risk pool's expenses often exceed the amount paid in premiums. To help cover the losses incurred, the state calculates the net loss and then uses a formula based on a variety of factors to recover the loss among over 200 member insurance companies. In return, these companies receive tax credits for their losses, which sometimes amount to millions of dollars.

Recently, the program's financial viability came into question, forcing legislators to tackle the issue in a commission during the interim. Leaders from the insurance industry and legislators collaborated on the

problem and formulated a measure to heal the ailing system.

House Enrolled Act 1273 restructures the program's funding mechanism to ensure long-term solvency. Beginning Jan. 1, 2005, the bill makes insurers responsible for 25 percent of net losses and the state responsible for 75 percent. The bill eliminates the ability of member insurance companies to accumulate additional tax credits. However, beginning in 2007, insurers can claim up to 10 percent of their accumulated credits each year until the credits are fully utilized.

Previously, the state absorbed 100 percent of the loss via tax credits. This plan will provide adequate funding for the program, but not require state spending beyond levels that have been required to pay tax credits. So both the state and member insurance companies benefit from the plan.

ICHIA provides an invaluable service. For some citizens, their survival literally depends on the program's survival. HEA 1273 ensures ICHIA remains a choice for those without options.



State Senator
Marvin Riegsecker

Serving District 12 — Elkhart County



2004 Facts & Figures

The Second Regular Session of the 113th General Assembly began on Organization Day, November 18, 2003, and adjourned March 4, 2004. The Senate met in session 34 days.

This non-budget year is known as the "short" session.

Senate bills introduced: 503
Senate joint resolutions introduced: 10

Senate bills passed: 18
Senate joint resolutions passed: 0

House bills introduced: 459
House joint resolutions introduced: 7

House bills passed: 80
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 10%

For more information about the General Assembly's 2004 session, visit us online at:
www.in.gov/legislative

Visit my site at:
www.in.gov/S12

Property Taxes Remain Priority

The Indiana General Assembly started the 2004 legislative session earlier than usual to address property tax issues. Ordinarily, the legislature convenes for one day on the third Tuesday in November, called Organization Day, in order to meet and do general 'housekeeping' business.

This session, legislators conducted committee meetings and held session in November and December to attempt to ease the property tax burden for homeowners, farmers, and employers hit with higher tax bills than expected.

Due to the court-ordered property tax reassessment, some problems have surfaced in a few counties around the state. During several weeks in the fall, members of the Senate Finance Committee met around the state to gather information and evaluate state policy on property taxes.

The result of the "mini-session," Senate Enrolled Act 1, includes many of the good ideas citizens offered to help address the problems.

One of the most important provisions of SEA 1 will limit future property tax increases

What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments' ability to raise and spend excess levies and requires any excess funds to be used to reduce future levies

es through strict controls on local government spending. In 2002, legislators tried to anticipate the effects of reassessment and passed a bill that shifted the tax burden to sales and gaming taxes in order to generate an additional \$1 billion in tax relief for property owners.

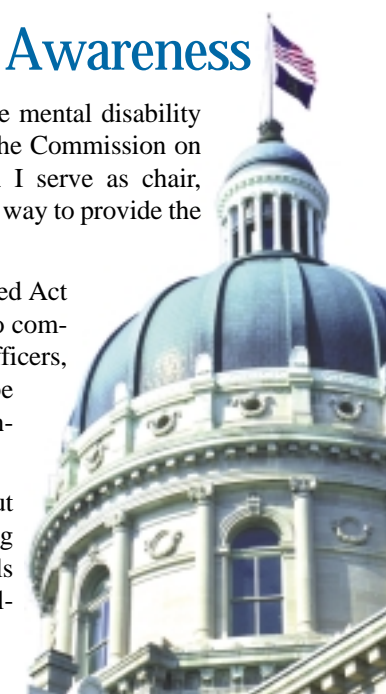
see PROPERTY TAX, page 3

Bill to Raise Mental Disability Awareness

This session, I worked to pass a bill that would encourage mental disability awareness in the criminal justice system. Last summer, the Commission on Mental Retardation and Developmental Disabilities, which I serve as chair, worked with the Law Enforcement Training Board on the best way to provide the increased awareness training.

The final version of the bill was included in House Enrolled Act 1437. It requires law enforcement training school attendees to complete 6 hours of mental disability training. All police officers, Department of Correction employees and jail officers would be required to complete mental disability awareness during in-service training annually, possibly at distance learning sites.

The awareness training will increase understanding about people with disabilities in order to keep them from getting caught up in the criminal justice system. Many times officials encounter people in the system unaware of the person's intellectual disability.



The Importance of a Representative Democracy

While the news media has focused on the gay marriage dispute in the House of Representatives, the issue goes far beyond that. Representative democracy is what is at stake. This is the principal upon which our great country was founded and for which Americans have fought and died.

In a representative democracy, citizens elect representatives to speak for them before the governing body. In this case, 49 Republican state representatives were elected to represent citizens in the Indiana House of Representatives. These minority House members were not allowed by majority Democrats to offer a motion for debate on the sanctity of marriage. Additionally, they were not recognized to discuss a number of other issues being debated on the House floor. At one point, electricity to the Republican microphone was disconnected.

Representative democracy? Hardly. Half of Indiana citizens did not have a voice in the ongoing marriage debate. A representative from our community should have as much right to speak for his constituents as a representative from Marion or Lake County.

The House and the Senate are each governed by rules adopted by each respective chamber. In contrast to the House procedures, the Senate rules allow minority members to offer motions, amendments and freely debate issues before the Senate. Whether a bill or amendment passes is not the point – the important thing is that legislators have the opportunity to speak and represent their constituents.

Fairness in Funding:



Full-day kindergarten should be implemented the right way.

During last year’s budget session of the General Assembly, education was our number one priority. It was the only area in government that was given an increase during these difficult fiscal times. While surrounding states have cut education, we worked hard to provide our schools with a 3.3 percent increase in funding for Fiscal Year 2004 and a 2.9 percent increase in 2005. This additional funding has placed Indiana 10th in the country in per pupil spending, which is a commitment that senators want to be able to keep.

The state has drained every reserve account to make ends meet and provide schools with the money needed to continue essential programs for this budget cycle. The numbers from the most recent revenue forecast show that the state is not recovering as quickly as hoped and that the state needs to be cautious about what we are spending so we can keep the promise we made to our schools.

After an early start to our 2004 session, which officially began in mid-November, the governor suddenly decided that full-day kindergarten would be his top priority when he gave his State of the State address in January.

His first proposal was to fund the partial tuition of 20,000 full-day kindergarten pupils this fall. Parents were expected to pay for a portion of their child’s extra hours at school. The governor proposed several shaky funding mechanisms to cover the remainder, including changing the state constitution to tap into an account reserved for schools’ construction and renovation projects.

When the bill reached the Senate, the majority agreed that the state simply does not have enough money right now to pay for a statewide full-day kindergarten program. We all agree that early learning is important, which is why we wanted to form a committee to work this summer to find sustainable funding for the initiative. Unfortunately, Democrats decided that if they couldn’t get funding this year, they were not interested in studying the issue this summer. The bill died in conference committee on the last night of the session.

I believe in Indiana’s children, and I want them to have every opportunity to be successful. That is why it is so important to approach new government programs and spending with a critical eye. We must first fund our current obligations to public education before committing ourselves to spending even more taxpayer dollars.

Indiana is 10th in the nation for per-pupil education spending.

Education is the only area of government that received an increase in funding during hard economic times.

WORKING - for - JOBS

In 2003, the Senate passed legislation with significant economic development measures, dubbed the JOBS plan. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find jobs.

Despite a \$1 billion state budget deficit, the Senate has continued to seek new ways to foster a more competitive atmosphere for businesses in Indiana.

One critical bill, House Enrolled Act 1365, passed the Senate this session and should provide some new momentum for our economic development efforts. It is a combination of several bills that focus on expanding small business investment, improving research and development and encouraging growth around the state.

Economic Development Provisions in HEA 1365

- Makes several research and investment tax credits permanent.
Economic Importance: Businesses will have confidence to invest in creating innovative new products knowing the credits are stable.
- Adds the Emerging Technology Grant Fund to the 21st Century Research and Technology Fund.
Economic Importance:The Fund will match federal grants for small-sized technology-based businesses to accelerate the commercialization of new discoveries in the life sciences, information technology, advanced manufacturing, or logistics industries.
- Gives tax incentives to businesses who locate new or expanded operations on closed military bases.
Economic Importance:Incentives given to businesses on Grissom Air Force Base, Fort Benjamin Harrison and Crane Naval

PROPERTY TAX CONTINUED FROM PAGE 1

Property taxes are very complex compared to other ways government programs and services are financed and the debate

continued when session reconvened in January. House Enrolled Act 1001 was enacted to clarify and update language in SEA 1.

Senators also recognized the need to restore the value of certain targeted property tax deductions to levels prior to the

reassessment. SEA 296 updates existing deductions for the elderly, blind or disabled, wartime service disabled, disabled veteran, surviving spouse of a WWI veteran, WWI veteran, residential property rehabilitation, historic property rehabilitation, and residentially distressed area property rehabilitation.



At a Statehouse news conference, Senator Riegsecker talked to reporters about a new committee that will meet this summer to look at ways local government can be made more efficient. He is Chairman of the Senate Standing Committee on Governmental Affairs and Interstate Cooperation.

Surface Warfare Center will spark the local economy. New tax incentives are vital due to the elimination of the inventory tax by 2007.

- Improves rules regarding Community Revitalization Enhancement Districts (CREDs).
Economic Importance: CREDs are important economic development tools for the downtown areas of our cities. Expanding and improving CREDs will further these efforts.
- Allows local governments to assess an annual fee to recipients of tax abatements.
Economic Importance: The fee would be used by local economic development boards to help provide more jobs within the area. It would help small rural communities that do not have big budgets for economic development.
- Repeals the sales tax on complimentary hotel rooms.
Economic Importance: Indiana will be more competitive with other states in attracting tourism and convention business.

The provisions mentioned are only several of many economic development bills filed this session. We will continue our effort to provide Indiana with the tools needed to improve our economic climate.

HOUSE ENROLLED ACT 1265 — Establishes a program pooling state employees to negotiate lower prices for bulk purchases of prescription drugs. Applies to schools, state colleges and universities, and cities and towns. PASSED. My vote: YES

SENATE BILL 85 — Makes it illegal to have open alcoholic beverage containers in a motor vehicle, regardless of whether or not the driver has been drinking. This law could have brought Indiana \$13.5 million in federal funds. FAILED. My vote: YES

HOUSE ENROLLED ACT 1082 — Requires a review of entries in the Missing Children Clearinghouse within 60 days after the review required by laws governing reports made to the National Crime Information Center (NCIC). PASSED. My vote: YES

HOUSE ENROLLED ACT 1194 — Opens state records regarding a child who died as a result of abuse, abandonment, or neglect. Requires extensive background checks on all members of a household for temporary and permanent placements. PASSED. My vote: YES

SENATE JOINT RESOLUTION 7 — Would have begun the process of amending the state constitution to define marriage as the union of one man and one woman. Because it failed in the House, the earliest the provision could appear on the ballot is 2008. FAILED. My vote: YES

SENATE ENROLLED ACT 86 — Allows a voter to check “address unchanged” box on poll list instead of writing entire address when signing in to vote. Would save voters time when polls are crowded. PASSED. My vote: YES